KANSAS

DAVID BRANT, COMMISSIONER

KATHLEEN SEBELIUS, GOVERNOR

OFFICE OF THE SECURITIES COMMISSIONER

PRESS RELEASE

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KANSAS TO RECEIVE $4 MILLION FROM WALL STREET FIRMS

Historic Settlement Requires Brokerage Firms to Change the Way Business is Done

TOPEKA (April 29, 2003) – Securities Commissioner David Brant has informed Governor Kathleen Sebelius and legislative leaders that Kansas stands to receive over $4 million under the terms of a settlement announced yesterday between securities regulators and Wall Street firms. The settlement is the result of joint investigations by state and federal regulators into whether brokerage analysts deceived investors with stock market research tainted by investment banking conflicts of interest.

The settlement was announced Monday in Washington, D.C. at a joint press conference with the Securities and Exchange Commission (SEC), state securities regulators represented by the North American Securities Administrators Association (NASAA)[1], the New York Attorney General (NYAG), the National Association of Securities Dealers (NASD), and the New York Stock Exchange (NYSE). A copy of the joint press release can be obtained at www.sec.gov/news/press/2003-54.htm.

Commissioner David Brant said, "It's our hope that this settlement will change the way business is done on Wall Street. The industry reforms agreed upon in this settlement will provide for more objective research and stronger protections for investors."

Brant confirmed that he expects to execute settlement agreements in the coming weeks and that the following firms have agreed to collectively pay penalties totaling over $4 million to Kansas:

[1] Organized in 1919, the North American Securities Administrators Association (NASAA) is the oldest international organization devoted to investor protection. We are a voluntary association whose membership consists of 66 state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Puerto Rico, Canada, and Mexico. In the United States, NASAA is the voice of the 50 state securities agencies responsible for efficient capital formation and grass roots investor protection.

- Bear, Stearns & Co. Inc. (“Bear Stearns”)
- Credit Suisse First Boston, LLC (“CSFB”)
- Goldman Sachs & Co. (“Goldman”)
- Lehman Brothers, Inc. (“Lehman”)
- J.P. Morgan Securities, Inc. (“J.P. Morgan”)
- Merrill Lynch, Pierce, Fenner & Smith, Incorporated (“Merrill Lynch”)
- Morgan Stanley & Co. Incorporated (“Morgan Stanley”)
- Citigroup Global Markets Inc. f/k/a Salomon Smith Barney, Inc. (“SSB”)
- UBS Warburg LLC (“UBS”)
- U.S. Bancorp Piper Jaffray Inc. (“Piper Jaffray”)

In 2001 and early 2002, Congress and the SEC were examining the issue of analyst conflicts of interest. In April of 2002, the New York Attorney General's office announced an enforcement action against Merrill Lynch based on internal emails it uncovered that showed analysts were pressured to issue bullish stock recommendations to please investment banking clients. Soon afterwards, regulators from the states, the NASD, the NYSE, and the SEC formed a joint task force to investigate Wall Street's leading investment banks.

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